

# A Message

## From The Insurance Fraud Prosecutor



Greta Gooden Brown

### ***Sowing and Reaping in the War on Insurance Fraud***

I am proud to present the fifth Annual Report of the Office of the Insurance Fraud Prosecutor (OIFP) to the Governor and Legislature of the State of New Jersey as required by N.J.S.A. 17:33A-24d. I am pleased to report that, in 2003, we met our goals and exceeded our expectations. In 2003, OIFP prosecuted more criminal cases than any other year in OIFP's history. In addition, we continued to sow the seeds for successful investigations and prosecutions long into the future.

Over the past year, New Jersey attained record highs, both in the number of those charged with, and those convicted of, committing insurance fraud. In 2003, OIFP, together with OIFP funded County Prosecutors' Insurance Fraud Units, filed criminal insurance fraud related charges against 730 individuals. We obtained convictions against 379 defendants, 109 of whom were sentenced to a total of 194 years in prison. OIFP cases, alone, accounted for over 70% of the prison time meted out to convicted insurance fraud felons.

On the civil side, OIFP's record in 2003 was equally impressive. As reported in December of 2003 by the Coalition Against Insurance Fraud in its most recent national insurance fraud survey, the New Jersey Office of the Insurance Fraud Prosecutor led the nation in the number of civil sanctions imposed, accounting for 86% of all civil actions taken in the nation. Moreover, in 2003, all of New Jersey's enforcement efforts resulted in insurance cheats being ordered to pay over \$16.5 million constituting restitution, criminal fines and civil penalties.

While OIFP was conceived, in part, to address New Jersey's burgeoning auto insurance rates, the savings to New Jersey's insurance consumer resulting from OIFP's successful prosecutions cannot be precisely quantified. It is undeniable, however, that by identifying, prosecuting and punishing insurance cheats, OIFP prevents losses of millions of dollars each year. Indeed, some of the successful prosecutions highlighted in this Report, particularly with respect to staged accident rings, have resulted in savings of millions of dollars that would have otherwise been drained from New Jersey's insurance system through the submission of fraudulent bodily injury claims alone. Further, OIFP undoubtedly deters countless other potential fraudsters from committing insurance fraud by publicizing its successful prosecutions.

The fruits of OIFP's labor increasingly drew the attention of others in 2003, both here and abroad. OIFP's accomplishments were the feature story of the December 2003 edition of *Fraud International Magazine*. In addition, in 2003, OIFP was selected as a national finalist for the prestigious International Association of Chiefs of Police (IACP) and ChoicePoint Award. The Award recognizes exceptional innovation and excellence in criminal investigations.

While we are proud of the official record of our achievements in 2003, we are equally proud of the tireless efforts of our staff who toil daily behind the scenes to lay the groundwork for our present and future successes. Their mandate, which they fulfill with uncompromising efficacy, is to be productive while maintaining the high quality evidenced in our investigations, prosecutions and programs that have become our trademark.

OIFP's remarkable progress in its brief five year history may be attributed to several factors. The seeds of OIFP's success were initially sown by the New Jersey Legislature when it created OIFP through the enactment of the Automobile

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Insurance Cost Reduction Act of 1998 (AICRA). AICRA designated OIFP as New Jersey's lead agency in the war on insurance fraud and provided it with the resources to wage an unrelenting war.

In 2003, Governor James E. McGreevey signed into law landmark legislation which created the specific crime of insurance fraud and established a reward program for members of the public to provide information leading to the identification, prosecution and conviction of insurance cheats. With this single act, Governor McGreevey has sown the seeds for OIFP's continued success by increasing the penalties for committing insurance fraud in New Jersey, solidifying New Jersey's position as a national leader in combating fraud and enlarging OIFP's arsenal of weapons in the war against insurance fraud.

OIFP's success may also be attributed to the contributions of our partners and allies in other law enforcement and public agencies as well as the insurance industry. The outstanding contributions of our partners in the law enforcement community and the insurance industry, in particular, enable us to bring to fruition OIFP's statutory mission of providing for "a more effective investigation and prosecution of fraud" in New Jersey than existed in the past. Achieving this mission inures to the benefit of New Jersey's insurance buying public who are the ultimate victims of insurance fraud.

Finally, OIFP's success would not have been possible without the support and leadership of Attorney General Peter C. Harvey and Assistant Attorney General Vaughn L. McKoy, Director of the Division of Criminal Justice. Attorney General Harvey and Director McKoy are the principal facilitators who enable OIFP to achieve the results for which it was created.

We in OIFP recognize and welcome the challenges that lay before us in the months and years ahead. We will continue in the coming year to conduct thorough investigations, to develop solid cases, to prosecute aggressively and to sow the seeds for future investigations and prosecutions. We will continue to develop effective anti-fraud programs and initiatives. We will continue to seek new and better ways to accomplish our mission, be it the planning of successful sting operations, the tackling of organized insurance fraud rings, or the application of high tech data mining tools to identify new fraudulent patterns or trends. We will continue to spread the word to those who would dare to commit insurance fraud in the State of New Jersey, that they, too, shall reap what they sow.

*Respectfully submitted,*

Greta Gooden Brown  
New Jersey Insurance Fraud Prosecutor